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EX PARTE OR LATE FILED

PACIFIC X TELESIS
Group-Washington

August 9, 1995

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *RM-8643 - Petition for Rulemaking of Pacific Bell Mobile Services Regarding a Plan for Sharing the Costs of Microwave Relocation*

Yesterday, Betsy Granger, Attorney, and Steve Aspell, both of Pacific Bell Mobile Services, and I met with David Furth, Deputy Chief, Legal, Edward Jacobs, Deputy Chief, Technical, Linda Kinney, Staff Attorney, Rhonda J. Lien, Attorney-Advisor, and Tom Dombrowsky, Staff Engineer, Commercial Wireless Division, and Robert James, Assistant for Microwave Services, Private Wireless Division, Wireless Telecommunications Bureau. Please associate the attached material with the above-referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



cc: Tom Dombrowsky
David Furth
Edward Jacobs
Robert James
Linda Kinney
Rhonda J. Lien

Enclosure - 1

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MICROWAVE RELOCATION COST SHARING PLAN

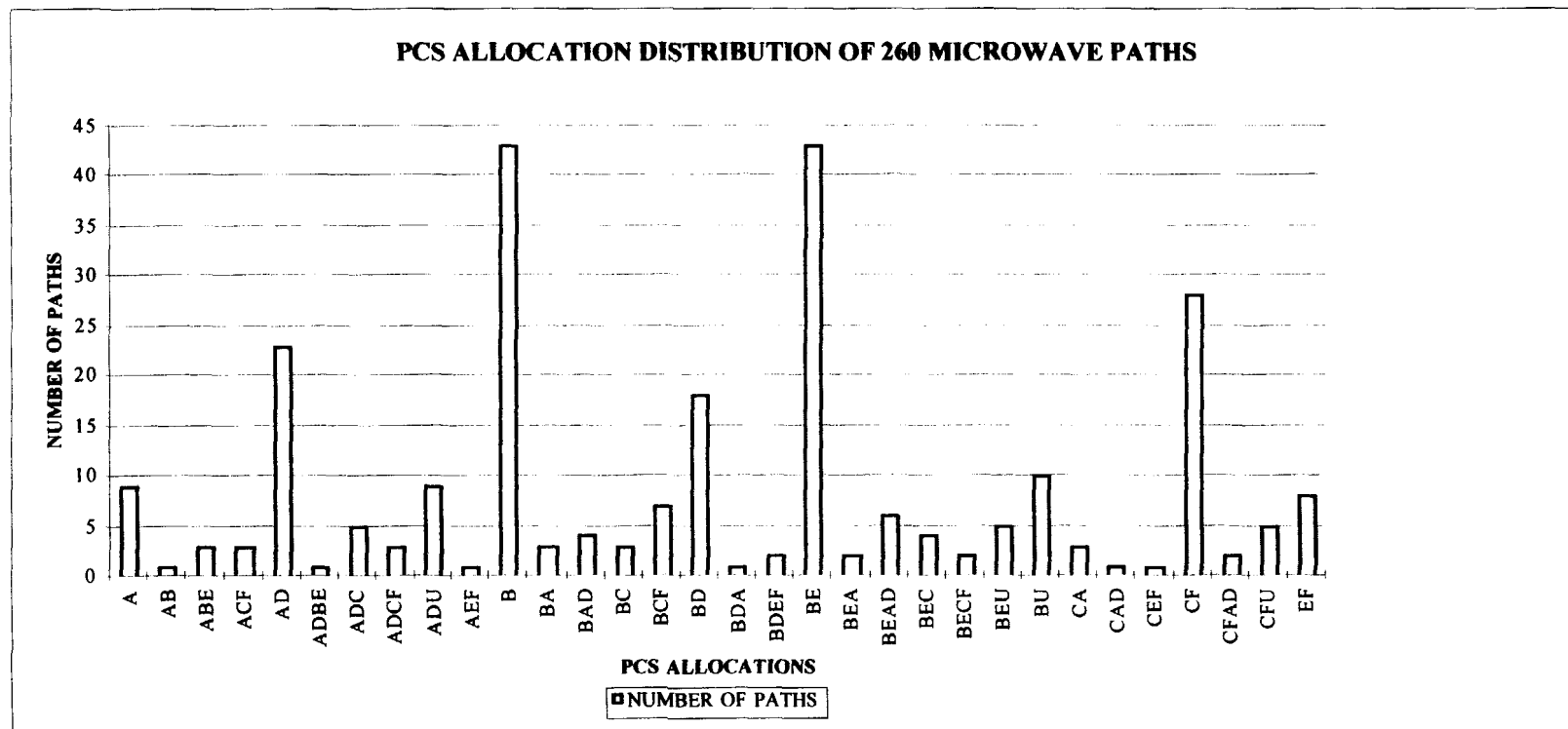
AUGUST 8, 1995

FREE RIDER ISSUE

- OCCURS BECAUSE SEVERAL PCS PROVIDERS
MAY CAUSE HARMFUL INTERFERENCE WITH
THE SAME LINK

PCS Block Distribution of 260 Microwave Links in California

- 160 Links Involve the B Block, 100 Links are not in the B Block



Microwave Relocations Involve Substantial Costs

- Estimated per Link Relocation Costs vary between \$200,000 and \$ 300,000 each. Actual Costs will vary, does not include installation.

Sample Microwave Relocation Costs:

- Analog Radio Lo: $2 \times \$ 27,852 = \$ 55,704$
- Analog Radio Hi: $2 \times \$ 30,492 = \$ 60,984$
- Digital Radio Lo: $2 \times \$ 42,944 = \$ 85,888$
- Digital Radio Hi: $2 \times \$ 56,474 = \$ 112,948$
- Antenna Lo: $2 \times \$ 5000 = \$ 10,000$
(for paths longer than 30 miles) $= 4 \times \$ 5000 = \$ 20,000$
- Antenna Hi: $2 \times \$ 8,000 = \$ 16,000$
(for paths longer than 30 miles) $= 4 \times \$ 8,000 = \$ 32,000$
- Standard Multiplex: Analog - \$ 15,000 Digital - \$ 25,000
- Transmission Line: \$ 21 per foot of antenna height + \$ 50 connectors
(for paths longer than 30 miles) $= 2 \times \$ 21.24 \text{ per foot of antenna height}$
- Connectors: \$ 900, (for paths longer than 30 miles) \$ 1,800
- Twin Flex: \$ 1000, (for paths longer than 30 miles) \$ 2,000
- Pressure Windows: \$ 100, (for paths longer than 30 miles) \$ 200
- Kits: \$ 500
- Dehydrator: $2 \times \$ 2,500 = \$ 5,000$
- Engineering Fees: $2 \times (\$ 1,100 \text{ Coordination} + \$ 300 \text{ License} + \$ 2,300 \text{ Survey} + \$ 4,000 \text{ Feasibility Study})$
- Training: \$ 2,000
- Test Equipment: \$ 3,000
- Spare Parts: \$ 5000
- DC Power Upgrade: \$ 10,000 per site, expected 20% of the time = \$ 2,000
- Disposal: $2 \times \$ 2,500 = \$ 5,000$ for removal and disposal of old equipment.
- Miscellaneous: $2 \times \$ 5,000 = \$ 10,000$
- Tower Upgrade: \$ 150,000 per site over 30' tall, expected 20% of the time = \$ 30,000 per site when needed
- Tower Inspection: \$ 3,000 per site where tower exceeds 30'

Pacific Bell Mobile Services

STEPS FOR REIMBURSEMENT

- PCS RELOCATOR ACQUIRES INTERFERENCE RIGHTS
- REQUIRED FREQUENCY ANALYSIS WILL REVEAL IF THERE IS A NEED FOR REIMBURSEMENT

FORMULA

- SHARE OF COST DETERMINED BY FOLLOWING FORMULA OR A MUTUALLY AGREED TO LESSER AMOUNT

$$R_N = \frac{C}{N} \times \frac{120 - (T_N - T_1)}{120}$$

- C EQUALS THE AMOUNT PAID TO RELOCATE THE LINK.
- N EQUALS THE NUMBER OF THE INTERFERING PCS PROVIDER.
- T_N EQUALS THE NUMBER OF THE MONTH IN WHICH PCS PROVIDER N PLACES HIS SYSTEM IN SERVICE.
- T_1 EQUALS THE MONTH THAT THE FIRST PCS PROVIDER PLACED HIS SYSTEM IN SERVICE.

OTHER ASPECTS OF THE PLAN

- RECORDS OF MICROWAVE RELOCATION COST MAINTAINED BY CLEARINGHOUSE
- C BLOCK LICENSEES ARE ENTITLED TO PAY THEIR SHARE IN INSTALLMENT PAYMENTS
- CAP OF \$250,000 (PLUS \$150,000 IF A NEW TOWER IS REQUIRED) PLACED ON THE COST OF A LINK

THERE IS STRONG SUPPORT IN THE INDUSTRY FOR A COST SHARING PLAN

- THE MICROWAVE INCUMBENTS THAT COMMENTED ON THE PETITION FOR RULEMAKING ACKNOWLEDGE THE NEED FOR A COST SHARING PROPOSAL.
- THE CONCEPT OF TRANSFERENCE OF INTERFERENCE RIGHT IS WIDELY ACCEPTED.
- UTAM SUPPORTS THE PLAN.
- ALL PIONEER PREFERENCE WINNERS AGREE THAT A COST SHARING PLAN IS NEEDED.
- PBMS ACCEPTED THE PCIA CHANGES TO OUR PLAN TO PROMOTE INDUSTRY CONSENSUS.

PARTIES WITH OBJECTIONS MISUNDERSTOOD SOME ASPECTS OF THE PLAN

- **REIMBURSEMENT IS LIMITED TO SPECIFIC COST CATEGORIES.**
- **OBLIGATION TO COST SHARE IS FINITE.**
- **CLEARINGHOUSE CAN ADDRESS ISSUES OF CONFIDENTIALITY**
- **IF THERE IS NO INTERFERENCE, THERE IS NO OBLIGATION TO CONTRIBUTE. SYSTEM DESIGN TO AVOID HARMFUL INTERFERENCE IS ALLOWED.**

PARTIES WITH OBJECTIONS MISUNDERSTOOD SOME ASPECTS OF THE PLAN

- **THE CAP DOES NOT LIMIT THE COMPENSATION OF THE MICROWAVE INCUMBENT. IT ONLY LIMITS REIMBURSEMENT TO THE PCS LICENSEE.**
- **THE PLAN SUPPORTS THE RELOCATION OF MICROWAVE SYSTEMS OR INDIVIDUAL LINKS.**

MICROWAVE COST SHARING IS A WIN-WIN

- THE **MICROWAVE INCUMBENTS** BENEFIT BECAUSE THE PLAN: (1) ENCOURAGES RELOCATION, (2) LOWERS THEIR TRANSACTION COSTS BECAUSE THEY HAVE TO DEAL WITH FEWER PCS LICENSEES AND (3) ALLOWS RELOCATION TO MOVE FORWARD QUICKLY AND SMOOTHLY THEREBY MINIMIZING DISRUPTION TO THEIR OPERATIONS.

MICROWAVE COST SHARING IS A WIN-WIN.

- **PCS LICENSEES** BENEFIT FROM THE ELIMINATION OF THE FREE RIDER PROBLEM WHICH ENABLES FASTER DEPLOYMENT OF THEIR SYSTEMS.
- **C BLOCK LICENSEES** BENEFIT BECAUSE THEY WILL BE ABLE TO ENTER THE MARKET FASTER. MANY LINKS WILL HAVE BEEN CLEARED AND THEY WILL NOT HAVE TO EXPEND RESOURCES ARRANGING FOR RELOCATION.

MICROWAVE COST SHARING IS A WIN-WIN

- THE PUBLIC BENEFITS FROM THE RAPID DEPLOYMENT OF PCS AND THE SMOOTH TRANSITION OF THE MICROWAVE INCUMBENTS TO A DIFFERENT PART OF THE SPECTRUM.

EXPEDITED ACTION IS NECESSARY

- EARLY PCS ENTRANTS WILL BE PENALIZED BY ANY FCC DELAY.
- PACIFIC BELL MOBILE SERVICES HAS AN AGGRESSIVE DEPLOYMENT SCHEDULE AND IS CURRENTLY NEGOTIATING WITH MICROWAVE INCUMBENTS.
- NOTICE SHOULD BE ISSUED IMMEDIATELY TO ALERT ALL INTERESTED PARTIES THAT THEY COULD BE SUBJECT TO MICROWAVE RELOCATION COST SHARING.